



Director of
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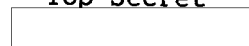
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ISRAEL-LEBANON: Israel Growing Impatient

(Information as of 2300 EDT)

Beirut remained quiet yesterday but there were press reports of artillery exchanges between Syrian and Israeli units in the Hammana area, north of the Beirut-Damascus highway. Phalange and leftist Muslim forces have clashed in villages east of Beirut.

Negotiations are continuing between the Lebanese Government and the Palestinians in an attempt to arrange a PLO withdrawal from Beirut. The Palestinians reportedly are asking to be allowed to keep a token political and military presence in Lebanon, with the military force being placed under Lebanese Army control. [REDACTED]

Prime Minister Begin, during a Knesset debate yesterday on the Lebanese crisis, refused to guarantee that the Israeli Army would not enter West Beirut. Begin, however, said he would allow the Palestinians to keep their personal weapons if they withdrew. According to press reports, an Israeli senior official had earlier accused the PLO of stalling the negotiations and warned this could bring "grave consequences." [REDACTED]

Comment: The Israelis are becoming impatient with the pace of the talks, which they believe slowed perceptibly yesterday after apparently making some progress on Monday. [REDACTED]

Christian-Muslim Fighting

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Comment: The Phalangists have largely stayed out of the recent fighting, except for a period two weeks ago when they became more actively involved with Israeli forces in Beirut. The Phalangists are concerned that too overt an involvement with Israel would risk isolating them politically in Lebanon.

The Phalangists, however, had anticipated an Israeli attack on West Beirut that would result in the military destruction of their leftist Muslim opponents as well as the Palestinians. Now that prospects for an Israeli attack have receded, the Phalangists may have decided to take advantage of the Israeli presence to extend their control over areas of northern Lebanon now held by leftist forces and Palestinian remnants.

Combat Casualties

//We estimate that at least 330 Israelis have been killed and 1,320 wounded in the fighting. Official Israeli casualty figures show there were 230 Israelis killed, 1,241 wounded and 23 missing in action through last Thursday.

//Syrian and Palestinian forces reported that the Israelis suffered more than 275 casualties, including 100 killed in fighting last week. Israel reported only 7 killed and 95 wounded during this same period.

//The Israelis have not yet released figures on their equipment losses in Lebanon. The Palestinians and Syrians report they have damaged or destroyed 50 to 100 Israeli tanks, 60 armored vehicles--including at least 40 armored personnel carriers--and shot down five Israeli aircraft since the fighting began.

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[] Syrian deaths probably are in excess of 1,000 and could be as high as 1,500, but until more information is available a precise count is not possible.// []

//The Palestinian and Syrian figures probably represent minimal Israeli equipment losses. Most of the equipment, however, is likely to have been salvaged by the Israelis.//

Knesset Debate

The Knesset, after its debate on Lebanon, adopted a government-sponsored resolution endorsing the cabinet's terms for a Lebanese settlement. The opposition Labor alignment had submitted a separate resolution calling on the government to observe the cease-fire and not to enter Beirut. []

Comment: The debate reflects the growing unease over Begin's intentions. Labor is trying to take advantage of the popular mood but has to be careful to avoid being too critical of the government while the military situation remains unresolved. []

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IRAQ-IRAN: Status of Iraqi Withdrawal

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Comment: A state of general calm punctuated by skirmishing is likely to prevail for at least the next few weeks as Iranian forces advance to the border and organize their new positions. Iran currently could launch a major push across the border only near Al Basrah or east of Al Amarah. Ayatollah Khomeini has indicated that the withdrawal will not end the war and that Iran's other demands--the overthrow of President Saddam Hussein, payment of reparations and designation of Iraq as the aggressor--still have to be satisfied. Tehran probably will try to maintain pressure on Baghdad by carrying out low-level actions along the border, keeping the Shatt al Arab closed and possibly sabotaging the Iraqi oil pipeline through Turkey. [REDACTED]

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MALAWI - NORTH KOREA: Recognition of P'yongyang

President Banda's government has established diplomatic relations with North Korea, marking the first time Malawi has recognized a Communist state. Malawi also maintains relations with South Korea and receives limited economic assistance from Seoul. [REDACTED]

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Comment: The action probably does not portend a major shift in foreign policy by Malawi, which has long been pro-Western and friendly to South Africa. It does signal a modest effort on Banda's part to move closer to the African mainstream and to enhance the country's non-aligned credentials. [REDACTED]

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ARGENTINA: Political Maneuvering

President-designate Bignone is considering a proposal to name a civilian as vice president in an effort to ease tensions with the Air Force and Navy.

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Comment: //Civilian politicians would be more likely at first to refrain from criticizing a government with one of their own in the number-two spot. A civilian vice president, along with other recent appointments of civilians to key government posts, also could help reduce friction in the military. The Air Force and Navy chiefs, who left the junta to protest the Army's refusal to turn power over to civilians, may be persuaded to rejoin the government. A reunited junta, however, would still have to cope with dissension among middle-ranking Army officers.//

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SOUTH KOREA: Shift in Economic Policy

Seoul announced a major economic package on Monday that reduces interest rates from 14 percent to 10 percent, cuts corporate tax rates substantially, and expands the money supply. The government also promised more reductions in individual and business taxes. [REDACTED]

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Comment: The measures are a shift from the restrictive policies of the past two years. The change is the result of sluggish economic growth, a dramatic reduction in inflation and disruption caused by the recent financial scandal. The measures should contribute to some pickup in the economy in the second half of 1982. Inflation will accelerate somewhat but should still be the lowest in a decade. [REDACTED]

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PHILIPPINES-USSR: Mrs. Marcos's Visit

//Government officials in the Philippines expect the Soviets to renew their bid to obtain merchant ship access to ship-repair facilities at Subic Bay during Mrs. Marcos's visit to the USSR, which begins on Sunday. Earlier this year President Marcos denied a similar Soviet request.

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Comment: Moscow has been trying to extend its access to ship-repair facilities in the Indian and Pacific Oceans to allow Soviet repair facilities to handle more work for the Navy. The Soviets already have arrangements with Singapore and Sri Lanka for the repair of merchant ships. Mrs. Marcos's visit may be intended in part to improve Manila's leverage with Washington before the renegotiation of US bases begins next year. [REDACTED]

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